

**ASSEMBLY BILL**

**No. 589**

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**Introduced by Assembly Member Fox**

February 20, 2013

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An act to add and repeal Article 21.7 (commencing with Section 70015) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code, relating to medical education.

LEGISLATIVE COUNSEL'S DIGEST

AB 589, as introduced, Fox. Medical education: underrepresented medical specialties.

Existing law establishes the Student Aid Commission as the primary state agency for the administration of state-authorized student financial aid programs available to students attending all segments of postsecondary education.

Existing law establishes various loan assumption programs, administered by the commission, under which a qualified person enrolled in an institution of postsecondary education and participating in that loan assumption program is eligible to receive a conditional warrant for loan assumption, to be redeemed upon meeting the conditions of the loan assumption agreement.

This bill would establish a loan assumption program for physicians working full time in California practicing in underrepresented specialties, as defined. This program would provide loan assumption benefits to persons who agree to work full time for 4 consecutive years in California as physicians practicing in underrepresented specialties, as specified. The program provides for a progressive assumption of the amount of a qualifying loan over 4 consecutive years of qualifying practice, up to a total loan assumption of \$20,000. The bill would require

that, in any fiscal year, the commission award no more than the number of warrants that are authorized in the Budget Act for that fiscal year for the assumption of loans pursuant to the program. This program would become inoperative on July 1, 2019, and would be repealed on January 1, 2020.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Article 21.7 (commencing with Section 70015)  
2     is added to Chapter 2 of Part 42 of Division 5 of Title 3 of the  
3     Education Code, to read:

4  
5             Article 21.7. Underrepresented Medical Specialties  
6

7     70015. (a) (1) Any person enrolled in an eligible institution,  
8     or any person who agrees to work full time in California practicing  
9     as a physician in an underrepresented specialty, may be eligible  
10    to enter into an agreement for loan assumption, to be redeemed  
11    pursuant to Section 70015.5 upon becoming employed in California  
12    as a physician practicing in an underrepresented specialty. In order  
13    to be eligible to enter into an agreement for loan assumption, an  
14    applicant shall satisfy all of the conditions specified in subdivision  
15    (b).

16    (2) As used in this article, “eligible institution” means a  
17    postsecondary institution that is determined by the Student Aid  
18    Commission to meet both of the following requirements:

19    (A) The institution is eligible to participate in state and federal  
20    financial aid programs.

21    (B) The institution maintains an accredited program of  
22    professional preparation for licensing as a physician in California.

23    (3) As used in this article, “underrepresented specialty” means  
24    any medical specialty field designated by the Medical Board of  
25    California as underrepresented in California pursuant to subdivision  
26    (e).

27    (b) (1) The applicant has been admitted to, or is enrolled in, or  
28    has successfully completed, an accredited program of professional  
29    preparation for licensing as a physician in California.

1 (2) The applicant is currently enrolled, or has been admitted to  
2 a program in which he or she will be enrolled, on a full-time basis,  
3 as determined by the participating institution. The applicant shall  
4 agree to maintain satisfactory academic progress and a minimum  
5 of full-time enrollment, as defined by the participating eligible  
6 institution.

7 (3) The applicant has been judged by his or her postsecondary  
8 institution to have outstanding ability on the basis of criteria that  
9 may include, but need not be limited to, any of the following:

10 (A) Grade point average.

11 (B) Test scores.

12 (C) Faculty evaluations.

13 (D) Interviews.

14 (E) Other recommendations.

15 (4) The applicant has received, or is approved to receive, a loan  
16 under one or more of the following designated loan programs:

17 (A) The Federal Family Education Loan Program (20 U.S.C.  
18 Sec. 1071 et seq.).

19 (B) Any loan program approved by the Student Aid  
20 Commission.

21 (5) The applicant has agreed to work full time for at least four  
22 consecutive years in California as a physician practicing in a  
23 underrepresented specialty.

24 (c) No applicant who has completed fewer than 60 semester  
25 units, or the equivalent, shall be eligible under this section to  
26 participate in the loan assumption program set forth in this article.

27 (d) A person participating in the program pursuant to this section  
28 shall not enter into more than one agreement under this article.

29 (e) On or before March 1, 2014, and on or before March 1 of  
30 each even-numbered year thereafter, the Medical Board of  
31 California shall designate one or more medical practice areas that  
32 the board deems to be specialties that are underrepresented in  
33 California as of the date of the designation, and prominently post  
34 a list of these medical practice areas on its Internet Web site.

35 70015.5. The commission shall commence loan assumption  
36 payments, as specified in Section 70016, upon verification that  
37 the applicant has fulfilled all of the following:

38 (a) The applicant has become a physician licensed to practice  
39 in California.

1 (b) The applicant is working full time in California as a  
2 physician practicing in an underrepresented specialty.

3 (c) The applicant has met the requirements of the agreement  
4 and all other pertinent conditions of this article.

5 70016. The terms of a loan assumption granted under this  
6 article shall be as follows, subject to the specific terms of each  
7 agreement:

8 (a) After a program participant has completed one year of  
9 full-time employment as described in subdivision (b) of Section  
10 70015.5, the commission shall assume up to five thousand dollars  
11 (\$5,000) of the participant's outstanding liability under one or  
12 more of the designated loan programs.

13 (b) After a program participant has completed two years of  
14 full-time employment as described in subdivision (b) of Section  
15 70015.5, the commission shall assume up to an additional five  
16 thousand dollars (\$5,000) of the participant's outstanding liability  
17 under one or more of the designated loan programs, for a total loan  
18 assumption of up to ten thousand dollars (\$10,000).

19 (c) After a program participant has completed three years of  
20 full-time employment as described in subdivision (b) of Section  
21 70015.5, the commission shall assume up to an additional five  
22 thousand dollars (\$5,000) of the participant's outstanding liability  
23 under one or more of the designated loan programs, for a total loan  
24 assumption of up to fifteen thousand dollars (\$15,000).

25 (d) After a program participant has completed four years of  
26 full-time employment as described in subdivision (b) of Section  
27 70015.5, the commission shall assume up to an additional five  
28 thousand dollars (\$5,000) of the participant's outstanding liability  
29 under one or more of the designated loan programs, for a total loan  
30 assumption of up to twenty thousand dollars (\$20,000).

31 70016.5. (a) Except as provided in subdivision (b), if a program  
32 participant fails to complete a minimum of four consecutive years  
33 of full-time employment as required by this article, under the terms  
34 of the agreement pursuant to paragraph (5) of subdivision (b) of  
35 Section 70015, the participant shall retain full liability for all  
36 student loan obligations remaining after the commission's  
37 assumption of loan liability for the last year of qualifying service  
38 as a physician practicing in an underrepresented specialty pursuant  
39 to Section 70016.

1 (b) Notwithstanding subdivision (a), if a program participant  
2 becomes unable to complete one of the four consecutive years of  
3 qualifying service as a physician practicing in an underrepresented  
4 specialty due to serious illness, pregnancy, or other natural causes,  
5 the term of the loan assumption agreement shall be extended for  
6 a period not to exceed one year. The commission shall make no  
7 further payments under the loan assumption agreement until the  
8 applicable work requirements as specified in Section 70015.5 have  
9 been satisfied.

10 (c) If a natural disaster prevents a program participant from  
11 completing one of the required years of work due to an interruption  
12 of employment, the term of the loan assumption agreement shall  
13 be extended for the period of time equal to the period from the  
14 interruption of employment until the resumption of employment.  
15 The commission shall make no further payments under the loan  
16 assumption agreement until the applicable employment  
17 requirements specified in Section 70015.5 have been satisfied.

18 70017. (a) The commission shall administer this article, and  
19 shall adopt rules and regulations for that purpose. The rules and  
20 regulations shall include, but need not be limited to, provisions  
21 regarding the period of time during which an agreement shall  
22 remain valid, the reallocation of resources in light of agreements  
23 that are not used by program participants, the failure, for any  
24 reason, of a program participant to complete a minimum of four  
25 consecutive years of qualifying service as a physician practicing  
26 in an underrepresented specialty, and the development of  
27 projections for funding purposes.

28 (b) If a provision is added to this article and the commission  
29 deems it necessary to adopt a rule or regulation to implement that  
30 provision, the commission shall develop and adopt that rule or  
31 regulation no later than six months after the operative date of the  
32 statute that adds the provision.

33 70017.5. On or before January 31, 2015, and on or before each  
34 January 31 thereafter until, and including, January 31, 2019, the  
35 commission shall report annually to the Legislature regarding both  
36 of the following, on the basis of sex, age, and ethnicity:

37 (a) The total number of program participants and the type of  
38 program of professional preparation they are attending or have  
39 attended.

1 (b) The numbers of participants who complete one, two, three,  
2 or four years of qualifying service as a physician practicing in an  
3 underrepresented specialty, respectively.

4 70018. On or before May 1, 2018, the Legislative Analyst's  
5 Office shall submit a report to the Legislature that includes the  
6 findings and recommendations of the Legislative Analyst with  
7 respect to the efficacy of the program established by this article.

8 70018.5. Reports pursuant to Sections 70017.5 and 70018 shall  
9 be submitted pursuant to Section 9795 of the Government Code.

10 70019. In selecting applicants for participation in this program,  
11 the commission shall grant priority to applicants who, in the  
12 determination of the commission, are included in any of the  
13 following categories:

14 (a) Persons who possess a baccalaureate degree at the time of  
15 initial application.

16 (b) Persons who are enrolled in an accelerated program of  
17 professional preparation for licensing as a physician in California.

18 (c) Persons who are recipients of federally subsidized student  
19 loans or other need-based student loans.

20 70019.5. Notwithstanding any other law, in any fiscal year,  
21 the commission shall award no more than the number of warrants  
22 that are authorized in the annual Budget Act for that fiscal year  
23 for the assumption of loans pursuant to this article.

24 70019.9. This article shall become inoperative on July 1, 2019,  
25 and, as of January 1, 2020, is repealed, unless a later enacted  
26 statute, that becomes operative on or before January 1, 2020,  
27 deletes or extends the dates on which it becomes inoperative and  
28 is repealed.